

SUMMARY ANNUAL REPORT

30 JUNE 2015

MAYOR'S AND CHIEF EXECUTIVE OFFICER'S OVERVIEW

Welcome to Tasman District Council's Annual Report for 2014/2015.
This is our chance to tell you about our performance over the past year.

The last year has been a significant one for Council. As well as delivering our usual programme of activities and services to our communities, we've been planning for the future. The Long Term Plan for 2015-2025 took a huge effort by Councillors and staff. The new Long Term Plan takes a different approach to financial and asset management than previous ones. It has been great to be involved in delivering a plan that reduces Council's reliance on debt and reduces the increases in rates.

Like previous years most of our budget is spent on maintaining and investing in essential infrastructure, looking after the environment and supporting community development. Much of this is not very exciting and it's taken for granted. But we've been actively making changes to improve the efficiency of our services, such as the roll out of the new recycling service that will deliver budget savings, and changing our streetlighting to LED lights to reduce electricity costs.

Service improvements in our building control team have also been a feature of the past year. A great effort by staff saw processing times reduce and service user satisfaction rise sharply in the last six months of the financial year.

Other achievements for the year include the upgrade of the Takaka wastewater treatment plant, which will result in environmental improvements; the construction of the Richmond water treatment plant to improve the quality of drinking water for many residents; the construction of the velodrome began at Saxton Field which will expand the sporting opportunities in our region; and, the extension of Tasman's Great Taste Trail. It is heartening to see how popular the cycle trail is becoming with locals and visitors alike.

The past year has also been busy with work continuing on the Waimea Community Dam and the initiative to manage solid waste with Nelson City Council. Both projects seek to secure long term solutions for delivering cost effective services to our communities.

Most residents will be aware that we released a proposal for funding and ownership of the Waimea Community Dam during 2014. Feedback from the community and potential investors triggered a rethink of the best way forward. There is still uncertainty around the size, cost and ownership of the Waimea Community Dam. However, the Dam remains our preferred option for improving water security and supporting regional economic development over the medium and longer term.

In terms of our finances, we are pleased to deliver an Annual Report that shows Council's finances are in a significantly better position than forecast in the Annual Plan 2014/2015. This strong financial position was a result of a number of factors, including higher than expected growth, low inflation, low interest rates, favourable weather, operational savings, increased forestry valuations and higher than expected dividends from Port Nelson.

As signalled in the Long Term Plan 2015-2025, we expect significant positive financial changes to continue over the coming years as Council repositions itself within new debt and revenue limits. Credit must be given to staff for the work taken to prepare Council for these changes, including, for example, finding new ways of managing our assets that avoids unnecessary spending.

The challenge for the future will be to maintain our focus on rates affordability, improve service performance and reduce delivery costs. We are building our reputation to be among the best performers in the local government sector to help Tasman thrive.

Finally, we would like to thank the community, councillors, community board members, staff, and contractors alike for the contributions everyone made to make Tasman District a great place to live over the past financial year.



Richard Kempthorne
Mayor

Lindsay McKenzie
Chief Executive Officer

LEGAL STATEMENT

This Summary Annual Report has been extracted from the full Annual Report dated 30 June 2015 and covers the year ended 30 June 2015. This Summary Annual Report was authorised for issue on 24 September 2015 by the Corporate Services Manager, Chief Executive Officer and Mayor of the Council. The Council's full Annual Report has been audited by Audit New Zealand and an unmodified opinion was issued on 24 September 2015. This report cannot be expected to provide as complete an understanding as provided by the full Annual Report (of the financial and service performance, financial position and cashflows of the Council). The full Annual Report can be obtained from Council website (www.tasman.govt.nz).

The full and summary financial statements has been prepared in accordance with Tier 1 PBE accounting standards. This Summary Annual Report has been prepared in accordance with PBE FRS-43 Summary Financial Statements. The full financial statements are the first prepared in accordance with the new PBE accounting standards. There were no material adjustments on transition. Reclassifications required are detailed in Note 39 to the full financial statements.

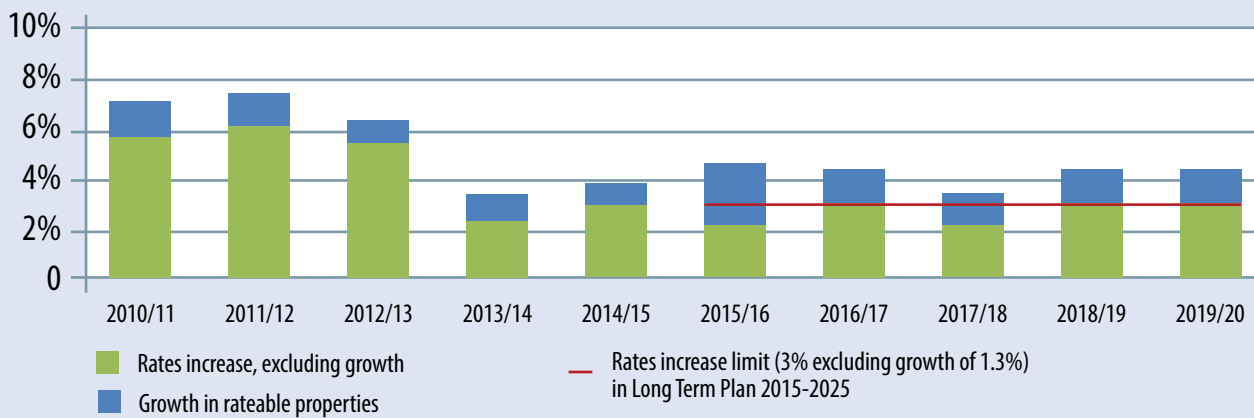
No significant events have occurred since balance date that affect these financial statements.

1. YOUR RATES

It's important to us that you receive good value for money. When you calculate the cost of all of our services on a daily basis, a typical Tasman residential ratepayer pays approximately \$8 a day. **These rates contribute to such things as:**

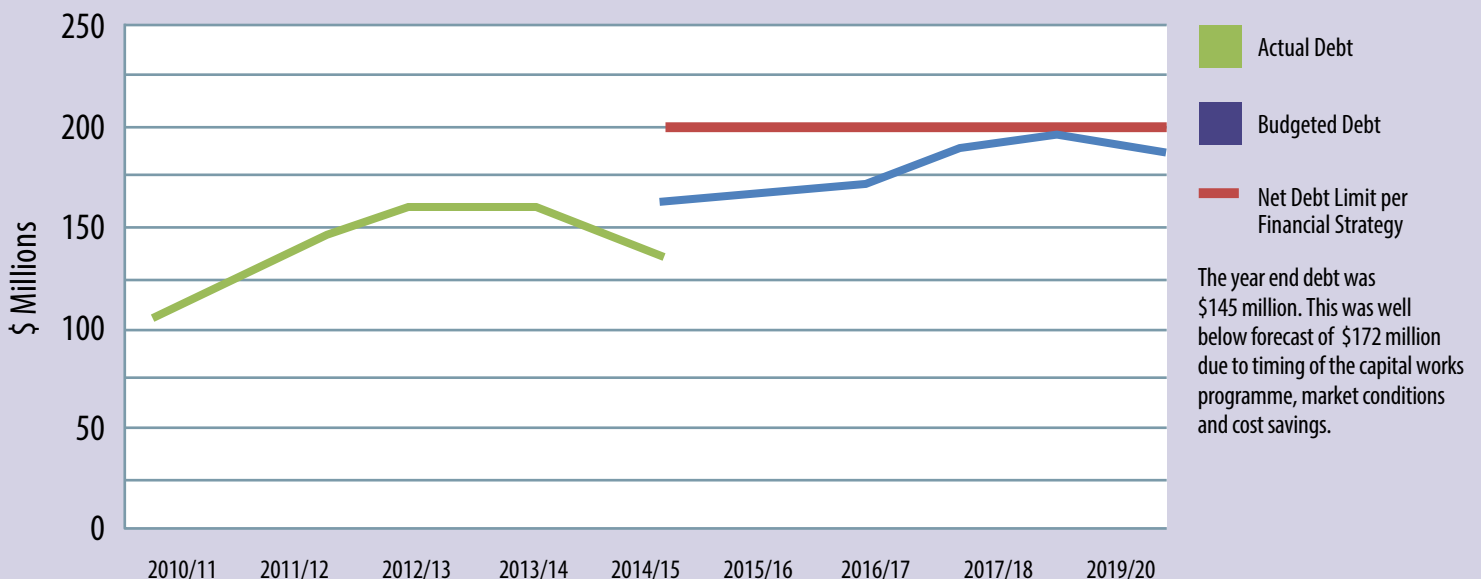
- Maintaining 1,700km of roads, 475 bridges, 250km of footpaths, cycleways and walkways, 23 carparks, 2,400 streetlights, 10,700 traffic signs and 10,500 culvert pipes.
 - Maintaining 804 hectares of parks and reserves, 4 libraries, 52 playgrounds, the Richmond Aquatic centre, 24 halls and community buildings, and 12 cemeteries.
 - Managing 29,000 tonnes of waste, and 5000 tonnes of recycling.
 - Managing wastewater, drinking water, stormwater and flood hazards.
 - Providing regulatory services like animal and noise control, food safety and alcohol licensing.
 - Creating partnerships and supporting community groups to undertake local work through community grants; providing local events and access to our history; and supporting regional economic development.
 - Monitoring and managing the quality of our land, air, water, coasts and biodiversity.
 - Ensuring safe buildings and public amenity.
 - Providing boat ramp access and navigation safety.
 - Supporting civil defence when emergencies happen.
- Overall, rates income increased 3.1% in 2014/15 and will stay below 3% in coming years (excluding growth).

Rates income increases and limits



YOU CAN FIND A FULL COPY OF THE ANNUAL REPORT ON COUNCIL'S WEBSITE WWW.TASMAN.GOV.TZ

2. DEBT



3. FINANCIAL HIGHLIGHTS

Council has recorded a positive financial outcome for 2014/2015. The 2014/2015 year ended significantly higher than budgeted with an operational surplus of \$5.8 million.

This position reflects the ongoing operational savings achieved by Council and also a number of external factors which moved in Council's favour. These external factors include: higher than anticipated growth, low inflation, low interest rates, and higher than budgeted dividends from Port Nelson.

We have again received an unmodified audit opinion from Audit New Zealand and a credit rating of 'AA- with a stable outlook' from Standard and Poor's. This rating reflects Council's strong financial management, budgetary flexibility, liquidity, and low contingent liabilities; and enables Council to borrow funds at more favourable interest rates



+\$5.8m
Operational surplus

- + Lower inflation
- + Lower interest rates
- + Lower operational costs
- + Higher dividends from Port Nelson
- + Higher growth in numbers of ratepayers

Annual Plan Budget 2014/15

4. INCOME & EXPENDITURE

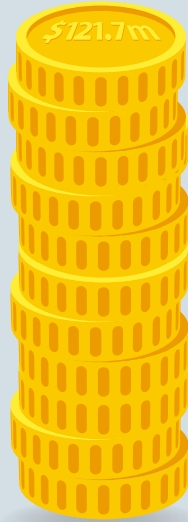


UP 9%
FROM LAST YEAR

INCOME
\$121.7m

KEY INCOME
CAME FROM:

- Rates
- Development Contributions
- Subsidies and Grants
- Other Fees and Charges
- Dividends

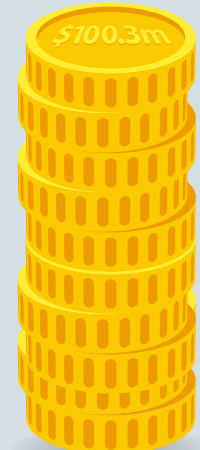


UP 4%
FROM LAST YEAR

EXPENDITURE
\$100.3m

KEY EXPENSES WERE:

- Operating costs
- Finance costs (interest on loans)
- Capital investment
- Staff costs



Council's total accounting surplus was \$21.4 million, which includes capital income, revaluations and non-cash items.

5. FINANCIAL POSITION

- Council ran and continues to run a balanced budget.
- Council has got \$1.43 billion worth of assets. This is an increase of \$62 million from last year.

- Council holds \$145 million of external public debt, down from \$149 million in 2013/2014.

June 2014 Actual \$(000's)	SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015	June 2015 Actual \$(000's)	June 2015 Budget \$(000's)
19,445	Current Assets	20,171	16,574
(22,026)	Current Liabilities	(21,619)	(26,190)
(2,581)	Working Capital	(1,448)	(9,616)
1,344,964	Non Current Assets	1,406,640	1,411,287
(142,984)	Non Current Liabilities	(148,820)	(163,749)
1,199,399	Total Net Assets	1,256,372	1,237,922
1,199,399	Total Equity	1,256,372	1,237,922

6. CAPITAL PROJECTS

Stormwater:

Work on Poutama Drain and Borck Creek has increased the capacity for stormwater drainage from Richmond.

As part of the construction process, work has also been undertaken to improve the ecological health of these waterways. A larger project addressing stormwater management in all urban drainage areas is underway and will result in catchment management plans for most settlements in Tasman District.



Wastewater:

The Takaka wastewater treatment plant upgrade was completed. After several years of consultation with many groups and people in Golden Bay, the Takaka Wastewater Treatment Plant upgrade was completed this year.

The upgrade uses a floating wetland which is at the forefront of technology for wastewater disposal. The result is an environmentally friendly plant protecting the Takaka River from any infiltration. Year 9 students from Golden Bay High School were involved in the project.

The students designed a plan for the natural screening of the facility during 2014 and in early 2015 carried out planting of trees and shrubs at the site. The project provided an opportunity to bring the classroom on site and show the students the real world application of the science they are taught.

Work to de-sludge the Motueka wastewater treatment plant commenced. This work is part of a wider programme of work for the Motueka plant, which will see the facility upgraded over the coming years.

Solid Waste:

An improved recycling service was introduced in June 2015. New 240-litre recycling bins were delivered to over 17,000 properties throughout the Tasman District. The service is designed to reduce waste to landfill and ultimately reduce costs to ratepayers.

Transportation:

The Ngatimoti community celebrated the opening of the new Bogie Creek Bridge in May. The bridge which replaces the one-lane narrow bridge overcomes the final stumbling block for high productivity motor vehicles (i.e. large trucks) being able to use the Motueka Valley Highway.

Street Lights:

Council staff and contractors have been upgrading nearly 2,400 streetlights in the Tasman District. The current streetlights containing high pressure sodium lamps are being replaced with light emitting diodes (LEDs) – creating a cheaper, more efficient and safer lighting system that will last for over six times the life of the high pressure sodium lamps.

By converting to LEDs the Council will save over \$500,000 over a 20-year period. The power saving benefits are up to 70% compared with the old bulbs. Better still, LEDs light up a defined area with very little waste light and very little light overspill especially upwards into the night sky, making the stars clearer to the naked eye. They also result in a reduced carbon footprint.



Water:

A new water treatment plant was built on Lower Queen Street in Richmond. The plant meets both the New Zealand Drinking Water Standards and the increase in local water demand.

Previously Richmond's water was supplied through two networks, one from the Waimea borefield and the other directly from the Richmond borefield.

The new treatment plant blends water from both borefields and treats the water with UV before pumping the water to the reservoirs in Richmond. This means the water is the same quality across the network, and providing a greater security of supply to the area.

We have also been researching options for improving security of supply of water in case the proposed Waimea Community Dam does not go ahead.



7. COMMUNITY FACILITIES

Four new reserves were added to our reserve network. Pukekoiko Reserve near Kaiteriteri, Newhaven Crescent Reserve at Marahau, Concordia Drive walkway in Richmond and Kaihoka Lakes Esplanade Reserve are welcome additions. The Pukekoiko reserve in particular provides protection of a highly significant historic Maori pa site.



The popular Tasman's Great Taste Trail was upgraded and extended.



Construction of the Saxton Field Velodrome got underway. The velodrome will provide a comprehensive cycling facility for the public of Tasman and Nelson.

The Motueka Recreation Centre's floors needed replacing and this was completed in 2014/2015.



Designs were progressed for the Golden Bay Community Recreation Facility that will provide a multi-use space for groups and clubs.

8. SUPPORTING COMMUNITY EVENTS

Every year we fund, support or deliver a wide range of safe, affordable and enjoyable community events. The events are intended to connect people and communities, enhance wellbeing, and profile assets the council has invested in. Events held throughout the year include the Positive Aging Expo, Children's Day, Tasman Skatepark Tour, Winterruption Festival and Get Moving Family Fun Rides.

9. TASMAN'S ENVIRONMENT

We regularly gather environmental data and monitor these results to ensure we understand what is happening to our environment and can intervene if required. Alongside routine monitoring of bathing water and drinking water quality, and air quality - to name a few, we also conducted detailed assessments over the past year on: the health of the Waimea Inlets; Moutere and Motueka ecology; and a State of the Environment report on the land and soil within Tasman District.

Work has also been undertaken to update the Tasman Resource Management Plan to respond to local issues, such as development reviews for Brightwater and Wakefield, a rural land use and subdivision review, and ongoing work on the Golden Bay landscape project, among others. Plan changes continue for water allocation on the Waimea Plains and the upper Motueka Valley.

We also respond to complaints and seek compliance with rules and environmental standards in relation to such things as public health (drinking water, food safety standards, hazardous substances and bathing water quality) and public safety (building safety as well as stock and dog control).

A total of 1351 consents received a monitoring action in the 2014/2015 financial year. Where significant non-compliance was recorded, 99% were resolved within 12 months.

10. SATISFACTION WITH COUNCIL FACILITIES & SERVICES

Our annual residents' survey shows relatively high satisfaction levels with Council, like previous years. When compared with national satisfaction levels, Tasman generally performs above the national average.

User surveys showed the concentrated efforts we have made to improve building consent processes resulted in significantly higher satisfaction rates than the previous year. These results reflect our on-going efforts to deliver the good quality services and facilities expected of us.

11. HOW ARE OUR INFRASTRUCTURE ASSETS PERFORMING?

Transport: Minor road safety activities are contributing to a positive downward trend in the number of accidents and deaths on our roads from 10 in 2013 to five in 2014.



Water: There is improved water quality for residents connected to the new Richmond water treatment plant. Only one boil notice was issued through out the year following discovery of a dead bird in the Richmond facility. The issue was quickly remediated.



Wastewater: An on-going programme of pipe renewals, installing telemetry and upgrading several of our larger wastewater plants means there is less likelihood of system failure. This is reflected in the reducing trend of sewer overflows. Council did however receive a number of complaints about the odour from Motueka oxidation pond in September 2014, which took over two weeks to resolve.



Solid Waste: The volume of solid waste going into our landfills is decreasing, but has not yet met our targets. The improvements to our recycling service should help reduce the volume of landfill waste.



Stormwater: Richmond's catchment management plan (CMP) is underway. CMP's for other settlements will follow. Targets for responding to stormwater faults and complaints have been met.



12. OUR LEADERSHIP

The Mayor, Councillors, Chief Executive Officer and staff have been active on the national level representing our local interests. As well as regular regional and national sector representation, Council made submissions to the Government's Rules Reduction Taskforce and the Productivity Commission's investigation into Urban Land for Housing.

We also signed a Housing Accord with Central Government in 2015 to start to address housing affordability issues. Staff in their professional and technical roles have continued to represent the District's interests in the development of national planning tools such as the National Policy Statement on Freshwater Management, Plantation Forestry National Environmental Standard (NES), sediment and erosion control guidelines, contaminated land NES and natural hazard planning, among others.

13. PLANNING AHEAD

A lot of effort went into preparing the Long Term Plan for 2015-2025. This is one of the most important documents and complex processes Council undertakes as it plans ahead.

Alongside the Long Term Plan are new financial and infrastructure strategies. When we consulted on these there was strong community support for the new approach to reduce long term debt and address rates affordability. We also consulted on our plans for improving water security and supporting regional economic development through the Waimea Community Dam project.

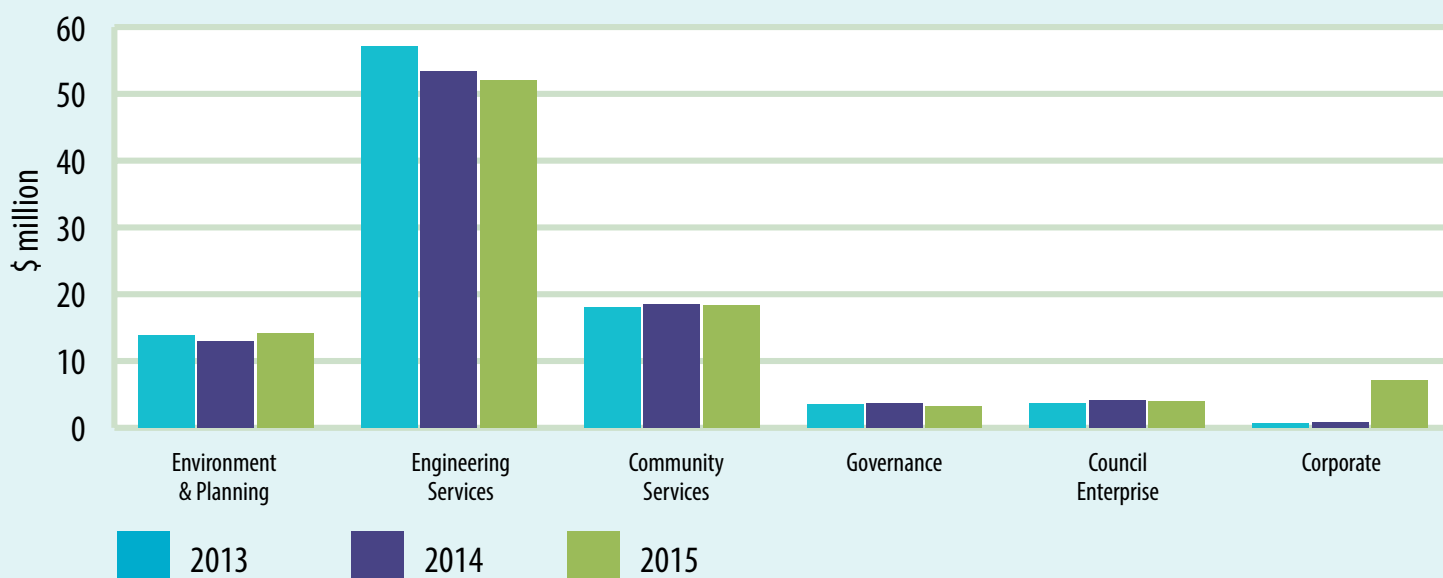
The proposal drew many submissions from across the District and has led us to rethink how the Dam will be funded and owned. The Dam continues to be a significant work programme for the Council.

The other big issues we discussed with our communities were how to plan for population growth, natural hazards, and how we maximise opportunities from our regional relationships. These will be matters that Council will be focusing on over the coming years.

14. COMPREHENSIVE REVENUE AND EXPENSE

June 2014 Actual \$(000's)	SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR ENDED 30 JUNE 2015	June 2015 Actual \$(000's)	June 2015 Budget \$(000's)	% of Budget
103,313	Total Operating Income	114,768	101,741	113%
5,372	Share of Associates	4,149	2,380	174%
(524)	Share of Joint Ventures (net)	(144)	952	-15%
(85,287)	Total Expenditure (excluding finance expense)	(89,289)	(85,594)	104%
(8,149)	Finance Expense	(8,068)	(10,416)	77%
14,725	Surplus before Taxation	21,416	9,063	236%
-	Tax expense	-	-	-
14,725	Net Surplus	21,416	9,063	236%
	Other comprehensive Income			
-	Gain/(loss) on asset revaluations	34,679	33,463	104%
(1,331)	Asset Impairment Loss	-	-	-
(4)	Movement in NZLG shares value	756	-	-
(68)	Impairment Investment in Associate	-	-	-
(10)	Opening Equity Restatement - JV	(63)	-	-
600	Other Comprehensive Income - Associates	185	-	-
(813)	Total other comprehensive Income	35,557	33,463	106%
13,912	Total comprehensive Income	56,973	42,526	134%

15. COUNCIL EXPENDITURE BY ACTIVITY



Spending on engineering services dominates Council expenditure, but has decreased year on year since 2013. The large spike in 'corporate' in 2015 is due to an unrealised loss on the revaluation of interest rate swaps.

16. CASH FLOW AND EQUITY

June 2014 Actual \$(000's)	SUMMARY STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2015	June 2015 Actual \$(000's)	June 2015 Budget \$(000's)
29,063	Net Cashflow From Operating	35,030	22,673
(17,810)	Net Cashflow From Investing	(31,829)	(50,176)
(8,979)	Net Cashflow From Financing	(4,025)	25,201
2,274	Total Net Cashflows	(824)	(2,302)
1,752	Opening Cash Held	4,026	3,724
4,026	Closing Cash Balance	3,202	1,422

June 2014 Actual \$(000's)	SUMMARY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015	June 2015 Actual \$(000's)	June 2015 Budget \$(000's)
1,185,487	Equity at the start of the year	1,199,399	1,195,396
13,912	Total comprehensive income	56,973	42,526
1,199,399	Equity at the end of the year	1,256,372	1,237,922

	Accumulated Equity \$(000's)	Restricted Reserves \$(000's)	Revaluation Reserve \$(000's)	Total \$(000's)
Opening Balance	514,451	15,943	669,005	1,199,399
Surplus	21,416	-	-	21,416
Gain on asset revaluations	-	-	35,620	35,620
All other comprehensive income	(63)	-	-	(63)
Net Transfers between reserves	(631)	2,524	(1,893)	-
Closing Balance	535,173	18,467	702,732	1,256,372

AUDIT STATEMENT – INDEPENDENT AUDITOR'S REPORT

To the readers of Tasman District Council's summary annual report for the year ended 30 June 2014

The summary annual report was derived from the annual report of the Tasman District Council (the District Council) for the year ended 30 June 2015. We have considered whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report.

The annual report included full audited statements, and the summary annual report includes summary statements. We have audited the following summary statements reported in the summary annual report in sections 5, 14 and 16:

- the summary statement of financial position as at 30 June 2015;
- the summaries of the statement of comprehensive revenues and expenses, statement of changes in equity and statement of cash flows for the year ended 30 June 2015; and
- the summary statement of service provision of the District Council (made up of the information in sections 6 to 12).

We expressed an unmodified audit opinion on the District Council's full audited statements in our report dated 24 September 2015.

Opinion

In our opinion:

- the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with FRS-43 (PBE): Summary Financial Statements.

Basis of opinion

Our audit was carried out in accordance with the Auditor General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand), and in particular

with the International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements. These standards require us to carry out procedures to confirm whether the summary annual report contains the information necessary, and at an appropriate level of aggregation, so as not to be misleading.

The summary statements do not contain all the disclosures required for full audited statements under generally accepted accounting practice in New Zealand. Reading the summary statements, therefore, is not suitable for reading the full audited statements in the annual report of the District Council.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing the summary annual report so that it represents, fairly and consistently, the information regarding the major matters dealt with in the annual report. This includes preparing summary statements, in accordance with FRS 43 (PBE): Summary Financial Statements. The Council is also responsible for the publication of the summary annual report, whether in printed or electronic form.

We are responsible for expressing an opinion on whether the summary annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report and whether the summary statements comply with FRS 43 (PBE): Summary Financial Statements.

Other than in our capacity as auditor we have no relationship with, or interest in, the District Council.

Bede Kearney
Audit New Zealand

On behalf of the Auditor General
Christchurch, New Zealand
24 September 2015

AUDIT NEW ZEALAND
Mana Arotake Aotearoa